BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
[ADJUDICATION ORDER NO. Order/AS/RM/2024-25/31186]

UNDER SECTION 15 I OF SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 READ WITH RULE 5 OF SECURITIES AND EXCHANGE BOARD OF INDIA (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES) RULES, 1995

In respect of:

Sr. No.	Name	PAN
1.	Vikas Lifecare Limited	AADCA5571A

In the matter of Vikas Lifecare Limited

BACKGROUND OF THE CASE

1. Securities and Exchange Board of India (hereinafter referred to as "SEBI"), had conducted an examination in the matter of Vikas Lifecare Limited, (hereinafter referred to as the "Noticee/Company"). Pursuant to findings of examination, SEBI initiated adjudication proceedings under Section 15HB of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as 'SEBI Act') for the alleged violations of Regulation 30(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 'LODR Regulations') read with Sub-para 20 of Para A of Part A of Schedule III of LODR Regulations read with SEBI circular no. SEBI/HO/CFD/CFD-PoD-1/P/CIR/2023/123 dated July 13, 2023 and Regulation 30(4)(i)(a) of the LODR Regulations by Noticee.

APPOINTMENT OF ADJUDICATING OFFICER

2. SEBI appointed undersigned as the Adjudicating Officer, vide communique dated August 08, 2024, under Section 15-I (1) of the SEBI Act, 1992 read with Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as 'SEBI Adjudication Rules') to inquire into and adjudge

under the provisions of the Section 15HB of the SEBI Act, for the violations alleged to have been committed by the Noticee.

SHOW CAUSE NOTICE, REPLY AND HEARING

3. Show Cause Notice No. SEBI/EAD/EAD-8/SKV/RM/27024/1/2024 dated August 27, 2024 (hereinafter be referred to as, the "SCN") was issued to the Noticee under Rule 4(1) of the Adjudication Rules to show cause as to why an inquiry should not be held and penalty be not imposed on Noticee under Section 15HB of the SEBI Act.

4. The allegations in respect of the Noticee *inter alia* brought out in the SCN are as under:

'……..

3. In the matter of ongoing litigation between Cupid Limited ("Cupid") and Noticee, an order dated May 17, 2024 was passed by the Hon'ble Rajasthan High Court, whereby Noticee was directed to deposit a bank guarantee amounting Rs.149.52 Crores (value of 59,81,036 shares of Cupid Ltd. at the price of Rs. 250/- per share) as an equitable relief (enclosed herewith as Annexure 3).

4. The examination report mentions that no disclosure in respect of the aforesaid order was made by Noticee on the Exchange platform. In this regard, comments of Noticee were sought vide an email June 27, 2024 and reminder dated July 01, 2024 (enclosed herewith as Annexure 4). Noticee has vide an email dated July 01, 2024, provided its reply (Annexure 4) wherein Noticee has inter alia stated that disclosure has been made in respect of order passed by the Hon'ble Additional District Judge, Alwar on April 02, 2024 whereby Cupid and its promoters were directed not to change the Financial Structure of the Cupid, without submitting a Bank Guarantee in the Court. The directions contained in the Order dated May 17, 2024 for submitting bank guarantee are not final as the matter is ongoing. Therefore, disclosure of the order dated May 17, 2024 was not considered required.

5. During examination it was also noted that, vide Order dated May 23, 2024, the Hon'ble Rajasthan High Court stayed the entire proceedings pending before the Ld. Trial Court till

July 2, 2024. Copy of the said order is enclosed herewith as Annexure 5. It was also observed that the, Noticee did not make a disclosure in respect of the order dated May 23, 2024 to the Stock Exchanges.

6. *In terms of Regulation 30(4)(i)(a) of the LODR Regulations, the omission of an event or information, which is likely to result in discontinuity or alteration of event or information already available publicly is considered as material event. The directions passed by the judicial bodies squarely fits in for disclosure on the Stock Exchanges in accordance with the provisions of Regulation 30 (2) of the LODR Regulation read with Sub-para 20 of Para A of Part A of Schedule III of LODR Regulations read with SEBI circular dated SEBI circular no. SEBI/HO/CFD/CFD-PoD-1/P/CIR/2023/123 dated July 13, 2023 and Regulation 30(4)(i)(a) of the LODR Regulations.*

7. *As detailed above, no disclosure with regard to the orders passed by the Hon'ble Rajasthan High Court on May 17, 2024 and May 23, 2024 have been filed by Noticee on the Exchange platform. In view of the above, it is alleged that Noticee has deliberately chosen to provide the selective information with regard to its dispute with Cupid and has repeatedly failed to provide disclosures in respect of the Orders passed by the Hon'ble Rajasthan High Court on May 17, 2024 and May 23, 2024, which is alleged to be in violation of Regulation 30(2) of the LODR Regulations read with Sub-para. 20 of Para A of Part A of Schedule III of LODR Regulations read with SEBI circular no. SEBI/HO/CFD/CFD-PoD-1/P/CIR/2023/123 dated July 13, 2023 and Regulation 30(4)(i)(a) of the LODR Regulations.*

…………..'

5. The SCN was issued at the last known address of Noticee through Speed Post Acknowledgement Due (SPAD) and digitally signed email dated August 27, 2024 and was delivered on August 27, 2024. The Noticee vide letter dated September 18, 2024 sought an extension to submit reply to the SCN. Noticee was granted extension to submit reply by October 16, 2024. Since reply was not received, Noticee was reminded to furnish reply and vide letter dated November 27, 2024 Noticee sent reply to the SCN. Thereafter, in the interest of natural justice, vide hearing notice dated December 02, 2024 an opportunity of hearing on December 12, 2024 was granted to the Noticee. The authorised representative of the Noticee

attended the hearing on December 12, 2024 and reiterated the submissions made by the Noticee vide letter dated November 27, 2024.

6. With respect to allegations in the SCN, the key contentions of the Noticee made vide letter dated November 27, 2024 are, inter alia, as under:

'……..

4. *Before we begin with the reply to allegations in the SCN below is a short background of the ongoing matter between Vikas Lifecare and Cupid Ltd. matter: :*

a) *In the month March 2022- April 2022 the promoters of Cupid Limited approached us with a proposal to sell the shares held in Cupid Limited.*

b) Cupid Limited and Vikas Lifecare Limited signed a Non-Disclosure Agreement on 16.05.2022 (hereinafter referred to as "NDA").

c) There after the negotiations for the valuation and other terms and conditions for acquisition had begun between us and Cupid Limited.

d) Pursuant to the discuss between us and Cupid Limited a final draft of the Share Purchase Agreement (hereinafter referred to as "SPA") was shared with Cupid Limited clearly stating that if we accept certain three conditions offered by Cupid Limited, they are ready to sign the SPA document, which was duly acknowledged, accepted and conformed by us.

e) The aforesaid correspondence & commitments concluded the deal between us and Cupid Limited.

f) However, on 12.10.2022, the promoters of the Cupid Limited in arbitrary matter backed out from the deal by saying "Sorry, we have decided not to proceed with this transaction." and entered into another deal with the third party.

Hence we were compelled to take a legal course to enforce the deal/ agreement concluded between, us and Cupid Limited. The details of the same are listed below:

Sr. No.	***Date***	***Court***	***Order***
1.	*09.05.2023*	*Hon'ble Rajasthan High Court, Jaipur*	*SEBI is directed to decide the complaint within 30 days.*
2.	*01.11.2023*	*Hon'ble Rajasthan High Court, Jaipur*	*This court does not have jurisdiction under Article 226 of the Constitution of India to decide the present writ.*
3.	*08.12.2023*	*Ld. District Judge, Alwar, Raj.*	*The non-Applicants are interim injuncted to maintain the status quo regarding the disputed shares till the next date.*

4.	*23.02.2024*	*Ld. Additional District Judge- 03, Alwar, Raj.*	*The Application under Order 7 Rule 11 CPC filed by the defendants are dismissed & further directed to maintain the status quo order passed by Ld. DJ, Alwar, Rajasthan.*
5.	*30.03.2024*	*Ld. Additional District Judge- 01, Alwar, Raj.*	*Defendant no. 1 to 3 are restrained by a temporary injunction to the effect that without giving bank Guarantee equivalent to entire sale proceeds of 59,81,036 shares of Cupid Limited @ Rs. 250/- per share, (Rs. 149 Cr.) the defendant no. 1 will not make any change in financial/ capital structure of the company by itself or by any other institution.*

<u>REPLY TO THE ALLEGATIONS</u>

5. *As regards the allegation that we have violated Regulation 30(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "LODR") r/w Sub para 20 of Para A of Part A of Schedule III of LODR r/w SEBI Circular No. SEBI/HO/CFD/CFD-PoD-1/P/CIR/2023/123 dated July 13, 2023 and Regulation 30(4) (i) (a) of the LODR, by not disclosing the order passed by the Hon'ble Rajasthan High Court on May 17, 2024, we submit as follows:*

a) *We submit that we have made necessary disclosures pertaining to the matter between M/s Vikas Lifecare and Cupid Limited and Ors. We have made a disclosure on April 02, 2024 of the Order dated 30.03.2024 passed by the Hon'ble Additional District Judge, Alwar, Rajasthan in favour of Vikas Lifecare on the exchanges platform exchanges. A copy of the disclosure made on April 02, 2024 is enclosed at Annexure- "A".*

b) With regards to the order passed by the Hon'ble Rajasthan High Court on May 17, 2024 in the matter of Cupid Limited Vs. Vikas Lifecare Ltd. whereby we were directed to deposit a bank guarantee amount of Rs. 149.52 Crores (Value of 59, 81,036 shares of Cupid Ltd. at the price of Rs. 250/- per share), the directions contained in the aforesaid matter for submitting bank guarantee were not final as the proceedings are still going on, therefore, intimation that the matter is pending in the court was already in the public domain. A copy of the disclosure dated April 02, 2024 is enclosed at Annexure- "A".

c) As stipulated by SEBI in Sub para 20 of Para A of Part A of Schedule III of LODR r/w SEBI Circular No. SEBI/HO/CFD/CFD-PoD-1/P/CIR/2023/123 dated July 13, 2023, the events which shall be disclosed without any application of the guidelines for materiality are as under: "(a)Suspension, *(b) Imposition of fine or penalty,*

(c) Settlement of proceedings,

(d) Debarment,

(e) Disqualification,

(f) Closure of operations,

(g) Sanctions imposed,

(h) Warning or caution, or

(i) any other similar action(s) by whatever name called"

The non-disclosure as alleged in the SCN is not covered under any of the aforesaid events stipulated in the aforesaid circular, however, disclosure regarding the matter was made to the stock exchange on April 02, 2024. Therefore, no violation of any Regulation can be attributed to us.

d) *Therefore, we deny that we have violated Regulation 30(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "LODR") r/w Sub para 20 of Para A of Part A of Schedule III of LODR r/w SEBI Circular No. SEBI/HO/CFD/CFD-PoD-1/P/CIR/2023/123 dated July 13, 2023 and Regulation 30(4) (i) (a) of the LODR.*

6. *As regards the allegation that we have violated Regulation 30(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "LODR") r/w Sub para 20 of Para A of Part A of Schedule III of LODR r/w SEBI Circular No. SEBI/HO/CFD/CFD-PoD-1/P/CIR/2023/123 dated July 13, 2023 and Regulation 30(4) (i) (a) of the LODR, by not disclosing the order passed by the Hon'ble Rajasthan High Court on May 23, 2024, we submit as follows:*

a) We submit that we have made necessary disclosures pertaining to the matter between M/s Vikas Lifecare and Cupid Limited and Ors. We have made a disclosure on April 02, 2024 of the Order dated 30.03.2024 passed by the Hon'ble Additional District Judge, Alwar, Rajasthan in favour of Vikas Lifecare on both the Exchange platform. A copy of the disclosure made on April 02, 2024 is enclosed at Annexure- "A ".

b) With regards to the order passed by the Hon'ble Rajasthan High Court on May 23, 2024 in the matter of Cupid Limited Vs. Vikas Lifecare Ltd. We submit that in the S.B. Civil Revision Petition No.131/2024 the Hon'ble Rajasthan High Court has restrained the Ld. Trial Court from passing any effective orders in the suit but not in the supplementary proceedings.

c) Further, vide order dated May 23, 2024, in the said S.B. Civil Revision Petition No. 131/2024 the Hon'ble Rajasthan High Court had stayed the entire proceedings before the Ld. Trial Court till 02.07.2024, therefore, intimation that the matter is pending in the court was already in the public domain A copy of the disclosure dated April 02, 2024 is enclosed at Annexure- "A ".

d) As stipulated by SEBI in Sub para 20 of Para A of Part A of Schedule III of LODR r/w SEBI Circular No. SEBI/HO/CFD/CFD-PoD-1/P/CIR/2023/123 dated July 13, 2023, the events which shall be disclosed without any application of the guidelines for materiality are as under:
"(a) Suspension,
(b) Imposition of fine or penalty,
(c) Settlement of proceedings,
(d) Debarment,
(e) Disqualification,
(f) Closure of operations,
(g) Sanctions imposed,
(h) Warning or caution, or
(i) any other similar action(s) by whatever name called"

The non-disclosure as alleged in the SCN is not covered under any of the aforesaid events stipulated in the aforesaid circular, however, disclosure regarding the matter was made to the stock exchange on April 02, 2024. Therefore, no violation of any Regulation can be attributed to us.

e) Therefore, we deny that we have violated Regulation 30(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "LODR") r/w Sub para 20 of Para A of Part A of Schedule III of LODR r/w SEBI Circular No. SEBI/HO/CFD/CFD-PoD-1/P/CIR/2023/123 dated July 13, 2023 and Regulation 30(4) (i) (a) of the LODR.

7. *The information related to the aforesaid matters were available in public domain. We submit that, we did not have any malafide intention behind it and from the aforesaid it establishes that we have neither gained any unfair advantage nor any loss has occurred to the investors.*

8. *We reiterate that the alleged non-disclosure, neither resulted in any loss to the retail investors nor any unfair advantage was gained by us and any other person. Moreover, there was no resultant adverse effect on the market or the investors at all on account of the alleged non-disclosure.*

9. *We submit that the alleged orders passed by the Hon'ble Rajasthan High Court on May 17, 2024 and May 23, 2024, neither had any impact on our functioning nor on our financials. There was no financial loss to the company, therefore, no violation can be attributed to the company for the alleged non-disclosure. As there is no violation of Regulation 30 and the alleged court orders did not impact functioning and the financials of the company, we reiterate that no disclosure was required and deny the alleged violations.*

10. *We submit and reiterate that we have not filed the disclosures under the respective regulations in respective format but there has been no non- disclosure on our part. We further submit that due to not filing of relevant disclosures no gain or advantage has occurred to us and no loss or harm has been caused to any investors.*

11. *We further submit that we have made all the necessary disclosures with regards to the aforesaid matters. Therefore, there was no malafide intention to conceal any information to gain any economic benefit or cause any prejudice to the investors or shareholders of the Company. In view of the same, we deny that we have violated Regulation 30(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "LODR") r/w Sub para 20 of Para A of Part A of Schedule III of LODR r/w SEBI Circular No. SEBI/HO/CFD/CFD-PoD-1/P/CIR/2023/123 dated July 13, 2023 and Regulation 30(4)(i)(a) of the LODR.*

LEGAL SUBMISSION

12. *The various case laws relied upon by us wherein the orders have been passed by Hon'ble Courts/ Hon'ble SAT/ Ld. WTM of SEBI are as follows:*

I. *Case laws relating to no penalty/ less penalty*

a. In the order passed by the Ld. Adjudicating Officer ('AO') w.r.t *Bakulesh Trambakal Shah in the matter of Aanjaneya Lifecare Limited, dated May 12, 2017*, the Ld. AO has not levied any penalty and held as follows:

"20. In view of the above, I note that the noticee have filed timely disclosures to both the Company and the stock exchanges under Regulation 29 (1) read with 29 (3) of SAST Regulations, 2011. But he failed to file disclosure to Company in terms of Regulation 13 Adjudication Order against Shri Bakulesh Trambaklal Shah in the matter of Aanjaneya Lifecare Limited (now known as Dr. Datsons Labs Ltd.) Page 10 of 10 (1) of PIT Regulations, 1992, with regard to the acquisition of 10, 37,092 shares on 12.04.2013. The Company in turn has to inform the aforesaid disclosure under Regulation 13 (6) of PIT Regulations, 1992 to the stock exchange. Both the disclosures under Regulation 29 (1) of SAST Regulations,

2011 and Regulation 13 (1) of PIT Regulations, 1992 are quite similar in nature. It is also pertinent to note that the intention of both the Regulations is dissemination of information. On filing of said disclosures under Regulation 29 (1) of SAST Regulations, 2011, by the noticee which was similar to the erstwhile Regulation 7 (1) of SEBI (SAST) Regulations, 1997, the essential information about the said acquisition of shares had already been disseminated to the general public. Under the above circumstances, the noticee having complied with regulation 29 (1) of SAST Regulations, 2011, the non-compliance of Regulation 13 (1) of SEBI PIT Regulations, 1992, may not be viewed seriously and be visited with any penalty following the decision of Hon'ble SAT in the matter of Vitro Commodities Private Limited cited supra".

b. *In the order passed by the Ld. AO w.r.t Mr. Dineshbhai Shahanabhai Patel and Dinesh Allogra Limited in the matter of Dinesh Allogra Limited dated June 15, 2017, the Ld. AO has not levied any penalty and held as follows –*

"I find that change in shareholding of Noticee 2 was disclosed by stock exchange on its website under provisions of SAST Regulations and as such investors were informed of the same. No material harm has been caused to investors for failure to make disclosure under PIT Regulations as similar disclosures were otherwise made under SAST Regulations. I find that Noticee 1 is otherwise regular with all statutory compliances with respect to filing with exchanges. I, therefore, term this violation as technical in nature. In the similar instance, the Securities Appellate Tribunal in the matter of Vitro Commodities Private Limited vs. SEBI, inter-alia opined that "the provisions of Regulations 7(1) of Takeover Regulations, 1997 and Regulation 13(1) of PIT Regulations are not substantially different, since, violation of first automatically triggers the violation of second and hence, there is no justification for imposition of penalty for second violation when penalty for first violation has been imposed." In view of above I do not find it a fit case to levy monetary penalty and investor's interest was not adversely affected on account of failure of Noticee 1 and Noticee 2 to file disclosure with exchange in terms of Regulation 13(3) read with regulation 13(5) and 13(6) of PIT Regulations.".

c. *Hindustan Steel Ltd., v State of Orissa, (1970) 1 SCR 753; (AIR 1970 SC 2563)*
The Hon'ble Supreme Court held as follows –
"The discretion to impose a penalty must be exercised judicially. A penalty will ordinarily be imposed in cases where the party acts deliberately in defiance of law, or is guilty of contumacious or dishonest conduct, or acts in conscious disregard to its obligation; but not, in cases where there is a technical or venial breach of the provisions of the Act or where the breach flows from a bona fide belief that the offender is not liable to act in the manner prescribed by the statute".

We submit that our violation, if any, is technical and venial in nature and same is unintentional, hence going by judicial precedents, no penalty may be levied.

d. *In the case of Refex Industries Limited (formerly known as Refex Refrigerants Limited), wherein the acquirer has violated Regulation 11(2) of SAST Regulations, 1997 by acquiring additional 42 shares in September 2008 since his holding was between 55% and 75%, the*

Ld. WTM vide its order dated February 02, 2017, did not issue any directions against the promoter and director to give open offer and inter-alia held as follows:-

"13. On an overall assessment of the facts and circumstances of the case, I am inclined to arrive at the following conclusions:
• that there is a violation of regulation 11(2) of the Takeover regulations, 1997 by the Noticee;
• that the violation is un-intentional and not for consolidation
• that the violation is technical and venial in nature;
• and that there are clear mitigating circumstances in the form of subsequent amendments to the takeover regulations which further lessens the gravity of the violation."

13. *In view of the above circumstances and as we did not have any intention to conceal information, no unfair gain or advantage has occurred to the Noticees and also no harm or loss has been caused to retail investors, your honor is kindly requested to take a lenient view in the matter and penalty stipulated under Section 15HB of SEBI Act may not be imposed. It is further requested that the present proceedings under Show Cause Notice dated August 27, 2024 may be dropped and the Noticees may be discharged from the same and an order may be passed accordingly.*

14. *Without prejudice to the above, even if it is assumed that the aforesaid violations have been committed, we submit that aforesaid violations were merely technical in nature which neither resulted in any unfair advantage by us nor any loss has caused to the investors. There was no malafide intention on our part. In view of the same, no penalty may be levied.*

15. *It is further submitted that we have always maintained transparency in our conduct and affairs and observed ethical behaviour in the company's operations. We have confirmed to the standards of transparency and ethical behaviour prescribed in the various regulations and statues.*

16. *We submit and say that we have always followed all the procedures, as stipulated by any regulatory authority, follow all rules/ regulations/ instructions etc. issued by any government agency, and our intention has always been to comply with rules/ regulations/ filings etc. and not to conceal any information. We further undertake that in future also we shall comply with all Acts, rules, regulations etc., in letter and in spirit, and would not violate any of the provision of any Act, rules, and regulations etc. of any regulatory authority.*

17. *In view of the above circumstances, we submit as follows:*

a. That we have neither earned any disproportionate gain nor gained any unfair advantage;

b. That no harm has been caused to any investor nor any loss has occurred to any investor.

……….'

CONSIDERATION OF ISSUES AND EVIDENCE

7. I have carefully perused the allegations levelled against the Notice in the SCN, their replies and the material / documents available on record. In the instant matter, the following issues arise for consideration and determination: -

   I. **Whether the Noticee has violated the provisions of the Act, Regulations and Circulars as indicated at Para 1?**

   II. ***Do the violations, if any, on the part of the Noticee attract monetary penalty under Section 15HB of the SEBI Act?***

   III. ***If so, what would be the monetary penalty that can be imposed upon the Noticee taking into consideration the factors stipulated in Section 15-J of the SEBI Act read with Rule 5(2) of the SEBI Adjudication Rules?***

8. Before proceeding with the matter on merits, it would be relevant to reproduce the provisions of law:

SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

Disclosure of events or information.

30 (2) *Events specified in Para A of Part A of Schedule III are deemed to be material events and listed entity shall make disclosure of such events.*

Schedule III

PART A: DISCLOSURES OF EVENTS OR INFORMATION: SPECIFIED SECURITIES

A. *Events which shall be disclosed without any application of the guidelines for materiality as specified in sub-regulation (4) of regulation (30):*

……………

20. *Action(s) taken or orders passed by any regulatory, statutory, enforcement authority or judicial body against the listed entity or its directors, key managerial personnel, senior management, promoter or subsidiary, in relation to the listed entity, in respect of the following:*

(a) suspension;

(b) imposition of fine or penalty;

(c) settlement of proceedings;

(d) debarment;

(e) disqualification;

(f) closure of operations;

(g) sanctions imposed;

(h) warning or caution; or

(i) any other similar action(s) by whatever name called;

along with the following details pertaining to the actions(s) initiated, taken or orders passed:

> *i. name of the authority;*
>
> *ii. nature and details of the action(s) taken, initiated or order(s) passed;*
>
> *iii. date of receipt of direction or order, including any ad-interim or interim orders, or any other communication from the authority;*
>
> *iv. details of the violation(s)/contravention(s) committed or alleged to be committed;*
>
> *v. impact on financial, operation or other activities of the listed entity, quantifiable in monetary terms to the extent possible.*

Disclosure of events or information.

30 (4) (i) *The listed entity shall consider the following criteria for determination of materiality of events/ information:*

(a) *the omission of an event or information, which is likely to result in discontinuity or alteration of event or information already available publicly*

SEBI circular no. SEBI/HO/CFD/CFD-PoD-1/P/CIR/2023/123 dated July 13, 2023

Annexure II specifying the timeline for disclosing events given in Part A of Schedule III of LODR Regulations

Table I: Timeline for disclosing events given in Part A of Schedule III of the LODR Regulations

Para / sub-Para	***Events***	***Timeline for disclosure***
A.	***Events which shall be disclosed without any application of the guidelines for materiality as specified in sub-regulation (4) of regulation (30):***	
20.	*Action(s) taken or orders passed by any regulatory, statutory, enforcement authority or judicial body against*	*Within 24 hours*

	the listed entity or its directors, key managerial personnel, senior management, promoter or subsidiary, in relation to the listed entity, in respect of the following: *(a)suspension;* *(b)Imposition of fine or penalty;* *(c)settlement of proceedings;* *(d)debarment;* *(e)disqualification;* *(f)closure of operations;* *(g)sanctions imposed;* *(h)warning or caution; or* *(i)any other similar action(s) by whatever name called;*	

Issue I - Whether the Noticee has violated the provisions of the Act, Regulations and Circulars as indicated at Para 1?

9. Based on perusal of the material available on record, submissions of the Noticee and giving regard to the facts and circumstances of the case, I record my findings hereunder:

10. I note that the primary allegation against the Noticee pertains to its deliberate choice to provide selective information regarding its dispute with Cupid Limited. Specifically, the Noticee disclosed the order passed by the Additional District Judge (ADJ), Alwar, Rajasthan, dated March 30, 2024, but failed to disclose the subsequent orders passed by the Hon'ble Rajasthan High Court on May 17, 2024, and May 23, 2024. This omission is alleged to have violated Regulation 30(2) of the LODR Regulations read with Sub-para 20 of Para A of Part A of Schedule III of the LODR Regulations and SEBI circular dated July 13, 2023, as well as Regulation 30(4)(i)(a) of the LODR Regulations

11. Upon review of the regulatory framework under Regulation 30(2) read with Sub-para 20 of Para A of Part A of Schedule III of the LODR Regulations, I note that listed entities are required to disclose material events promptly. The Noticee, by its own admission (disclosure dated April 02, 2024), disclosed the ADJ order dated March 30, 2024, as a material event under Regulation 30 read with Para B of Part

A of Schedule III of the LODR Regulations pursuant to SEBI Circular dated July 13, 2023.

12. I note that Rajasthan High Court's order dated May 17, 2024 and May 23, 2024 are issued in the appeals filed before High Court against the ADJ Order, and the High Court orders fundamentally altered the status of the dispute. The High Court observed that the trial court had failed to grant equitable relief to both parties, directed the Noticee to furnish a bank guarantee of Rs. 149.52 crores, and stayed the proceedings before the ADJ till July 02, 2024 (the next date of hearing before the High Court). These directions significantly impacted the legal and financial position of the Noticee and changed the status of the information already disclosed, and the non-disclosure of the High Court orders would lead to omission and discontinuity of information available publicly. Therefore, these orders fell squarely within the scope of Regulation 30(4)(i)(a) as material events requiring disclosure within the prescribed timeline of 24 hours under the SEBI Circular dated July 13, 2023.

13. I note that the Noticee has contended that Noticee pursuant to LODR Regulations has disclosed the ADJ order promptly, and as the High Court orders were not final, they do not fall within events requiring mandatory disclosure under aforesaid LODR regulations and SEBI Circular. In this regard, I note materiality is not contingent upon the finality of an order but rather on its potential to influence stakeholders' understanding of the company's legal and financial position. As the High Court orders significantly modified the position conveyed by the earlier disclosure, they were undeniably material and required prompt disclosure. In view of the above, the contention of the event being non-material is unacceptable.

14. I note that the Noticee selectively disclosed the ADJ order, which was favorable to it, while omitting the subsequent High Court orders that were less favorable. Such selective disclosure defeats the purpose of transparency and complete

dissemination of material information to the market and investors, as required by the LODR Regulations.

15. The Noticee has contended that there was no adverse impact on investors/market, malafide intention, economic gain, resulting from the non-disclosures. Further, the Noticee has cited case laws to argue that technical breaches without malafide intent or market impact should not attract penalties and should be treated leniently. In this regard, I note that regulatory compliance with disclosure obligations is essential for maintaining market integrity and investor confidence. The requirement to disclose material information is not contingent on the presence of malafide intent or demonstrable market impact. The essence of the LODR Regulations is to ensure timely and comprehensive disclosure, regardless of the ultimate impact on the market. Selective disclosure undermines this regulatory framework and cannot be categorized as a mere technical breach. In view of the same, the contention of the Noticee is not accepted.

16. In view of the above, I find that the Noticee failed to make requisite disclosures regarding the High Court orders dated May 17, 2024, and May 23, 2024 which were material events within the prescribed timeline, hence, **Noticee has violated Regulation 30(2) of the LODR Regulations read with Sub-para. 20 of Para A of Part A of Schedule III of LODR Regulations read with SEBI circular no. SEBI/HO/CFD/CFD-PoD-1/P/CIR/2023/123 dated July 13, 2023 and Regulation 30(4)(i)(a) of the LODR Regulations.**

Issue II. Do the violations, if any, on the part of the Noticee attract monetary penalty under Section 15HB of the SEBI Act?

17. In the light of findings and observations made against the Noticee brought out in the foregoing paragraphs, it is evident that the Noticee has violated Regulation

30(2) of the LODR Regulations read with Sub-para. 20 of Para A of Part A of Schedule III of LODR Regulations read with SEBI circular no. SEBI/HO/CFD/CFD-PoD-1/P/CIR/2023/123 dated July 13, 2023 and Regulation 30(4)(i)(a) of the LODR Regulations.

18. The aforesaid violations, makes the aforesaid Noticee liable for penalty under Section 15HB of the SEBI Act.

19. In this context, I would also like to refer to the order of the Hon'ble Supreme Court of India in the matter of Chairman, SEBI Vs Shriram Mutual Fund6wherein Hon'ble Supreme Court of India held that "*In our considered opinion, penalty is attracted as soon as the contravention of the statutory obligation as contemplated by the Act and the Regulations is established and hence the intention of the parties committing such violation becomes wholly irrelevant. A breach of civil obligation which attracts penalty in the nature of fine under the provisions of the Act and the Regulations would immediately attract the levy of penalty irrespective of the fact whether contravention must made by the defaulter with guilty intention or not.*''

20. The text of the above referred Section 15HB of SEBI Act is reproduced herein below:

SEBI Act:

Penalty for contravention where no separate penalty has been provided.

15HB. *Whoever fails to comply with any provision of this Act, the rules or the regulations made or directions issued by the Board thereunder for which no separate penalty has been provided, shall be liable to a penalty which shall not be less than one lakh rupees but which may extend to one crore rupees.*

Issue III. If so, what would be the monetary penalty that can be imposed upon the Noticee taking into consideration the factors stipulated in Section 15-J of the SEBI Act read with Rule 5(2) of the SEBI Adjudication Rules?

21. While determining the quantum of penalty, it is important to consider the factors stipulated in Section 15-J of the SEBI Act, which reads as under: -

SEBI Act

Factors to be taken into account while adjudging quantum of penalty

15J. *While adjudging quantum of penalty under 15-I or section 11 or section 11B, the Board or the adjudicating officer shall have due regard to the following factors, namely: —*

the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;

the amount of loss caused to an investor or group of investors as a result of the default;

the repetitive nature of the default.

[Explanation. —For the removal of doubts, it is clarified that the power to adjudge the quantum of penalty under sections 15A to 15E, clauses (b) and (c) of section 15F, 15G, 15H and 15HA shall be and shall always be deemed to have been exercised under the provisions of this section.]

22. In this case, from the material available on record, any quantifiable gain or unfair advantage accrued to the Noticee or the extent of loss suffered by the investors as a result of non-compliance to the provisions is not available. I note that the Noticee was required to make disclosure within 24 hours for the High Court Orders, but till date no disclosure has been made. The violations are in contrary to the regulatory requirements and standards expected from listed entity, therefore, the actions of Noticee should be dealt appropriately by imposing monetary penalty as effective deterrence.

ORDER

23. Considering all the facts and circumstances of the case including the submissions of the Noticee and exercising the powers conferred upon me under section 15-I of SEBI Act read with Rule 5 of the SEBI Adjudication Rules, I hereby impose the following monetary penalty under section 15HB of the SEBI Act on the Noticee:

Sr. No.	Name of the Noticee	Penalty Provisions	Amount of penalty (in ₹)
1	Vikas Lifecare Limited (PAN No: AADCA5571A)	Section 15HB of SEBI Act	₹ 2,00,000/- (Rupees Two Lakhs only)

In my view, the said penalty is commensurate with the violations committed by the Noticee in this case.

24. The Noticee shall remit / pay the said amount of penalty within 45 days of receipt of this order through online payment facility available on the website of SEBI, i.e. www.sebi.gov.in on the following path, by clicking on the payment link:
ENFORCEMENT → ORDERS → ORDERS OF AO → PAY NOW

25. In the event of failure to pay the said amount of penalty within 45 days of the receipt of this Order, recovery proceedings may be initiated under section 28A of the SEBI Act for realization of the said amount of penalty along with interest thereon, inter alia, by attachment and sale of movable and immovable properties.

26. In terms of Rule 6 of the SEBI Adjudication Rules, 1995, copy of this order is sent to the Noticee and also to the SEBI.

ASHA SHETTY

Digitally signed by ASHA SHETTY
Date: 2025.02.06 10:40:03 +05'30'

Place: Mumbai **ASHA SHETTY**

Date: February 06, 2025 **ADJUDICATING OFFICER**